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OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



DARLENE GREEN  
Comptroller

*Internal Audit Section*

Carnahan Courthouse Building  
1114 Market St., Room 608  
St. Louis, Missouri 63101  
(314) 622-4723  
Fax: (314) 613-3004

September 8, 2006

Joe Thele, Program Manager  
Neighborhood Stabilization  
1200 Market Street, Room 418  
St. Louis, MO 63103-2807

RE: Payroll Distribution of Neighborhood Stabilization for the Payroll Period Ending July 8, 2006 (Project # 2007-3)

Dear Mr. Thele:

Enclosed is a report of our payroll distribution of Neighborhood Stabilization for the pay period ending July 8, 2006. The objectives of this review were to:

- Determine if eligible City Employees receive wages.
- Determine whether wages are adequately safeguarded.
- Determine if employees are only paid for actual hours worked.
- Determine if the accrual and use of paid leave is accurate.

Our fieldwork was substantially completed on July 24, 2006. The Neighborhood Stabilization's management declined an exit conference to discuss the observations and recommendations noted in the report. Management responses to the observations and recommendations noted in the report were received on September 6, 2006 and have been attached to the report. We have made the following observations and recommendations:

**1. Opportunity to Ensure Compensation Time Balances are Accurately Reported**

Proper management of the employee compensatory time ensures that compensation hours earned and used by employees were accurately reported.

The compensatory time earned by two employees was reported incorrectly to the Payroll Section of the Comptroller's Office as follows:

Employee	Compensatory Time Per Attendance Sheet & Overtime Request	Compensatory Time Per Comptroller's Vacation & Sick Leave Report	Overstated /(Understated) on Vacation & Sick Leave Report
Employee One	17.50	15.50	(2.00)
Employee Two	2.00	5.00	3.00

**1. Continued...**

Failure to maintain accurate employees' Overtime balances may result in dispute with subsequent cost to the City.

**Recommendation**

We recommend that the Neighborhood Stabilization Division maintain accurate records of employees compensation time earned and used and reconcile them to the Comptroller's Payroll records on a regular basis.

**2. Opportunity to Maintain Daily Attendance Records of All Classified Employees**

Department of Personnel Administrative Regulation #134 Section II (4) states that all departments shall keep daily attendance records of classified employees.

Neighborhood Stabilization did not maintain attendance records for four of the 40 employees of the division. The Neighborhood Stabilization's payroll procedures stated that employees of management status are exempted from maintaining daily attendance sheets. This is in conflict with the Department of Personnel Administrative Regulations requiring all employees to maintain daily attendance records of hours worked.

Failure to maintain daily attendance records of all employees may be considered non-compliance with the applicable Personnel Administrative Regulation noted above.

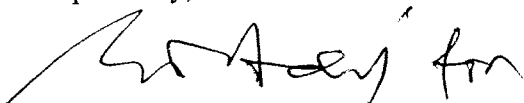
**Recommendation**

We recommend that the Neighborhood Stabilization Division require all employees to maintain records of daily attendance. The payroll policy should be revised to comply with the Personnel Administrative Regulation pertaining to employees maintaining daily attendance records.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

If you have any questions, please contact me at (314) 589-6132.

Respectfully,



Sedrick D. Blake, CPA  
Internal Audit Executive

cc: Honorable Darlene Green, Comptroller  
Kathryn Lawson, Payroll Manager



Francis G. Slay  
MAYOR  
September 1, 2006

# *Neighborhood Stabilization Team*



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Tucker & Market Streets  
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(314) 622-4628

Sedrick D. Blake, CPA  
Internal Audit Division  
Carnahan Courthouse Building  
1114 Market St., Room 608  
St. Louis, MO 63101

RE: Response to Payroll Audit Findings (Period ending 7/08/06)

Dear Mr. Blake:

In response to the recent audit findings, please note the following points:

1. Opportunity to Ensure Compensation Time Balances are Accurately Reported

Our payroll specialist has it in her schedule of job duties to pick up the Comptroller's Payroll Reports on the Wednesday of pay day weeks. Before filing the reports, she is to review all vacation, sick and compensatory time balances and reconcile them against her owner records. If adjustments are needed, those adjustments are to be turned in to the Payroll Section by the end of the day.

2. Opportunity to Maintain Daily Attendance Records of All Classified Employees

We have now removed language from our payroll policies and procedures which stated that managers were exempt from completing time sheets. All employees in the division now maintain daily attendance records and submit those records to the payroll specialist on a bi-weekly basis.

Thank you and please contact me at 622-3623 with any questions or concerns regarding this correspondence.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph Thele".

Joseph Thele  
Neighborhood Improvement  
Program Manager

*"You Don't Have To Move To Live In A Better Neighborhood"*